



Project Data Sheet

Project 48469-001

Project Name	Developing Gross Ecosystem Product Accounting for Eco-Compensation	
Project Number	48469-001	
Country / Economy	China, People's Republic of	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 9040-PRC: Developing Gross Ecosystem Product Accounting for Eco-Compensation	
	Technical Assistance Special Fund	US\$ 600,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	Agriculture, natural resources and rural development / Agricultural policy, institutional and capacity development - Forestry - Irrigation - Land-based natural resources management - Water-based natural resources management	
Gender	No gender elements	
Description	The Government of the People's Republic of China (PRC) requested policy and advisory technical assistance (TA) from the Asian Development Bank (ADB) during ADB's 2014 country programming mission to enhance the ability of the National Development and Reform Commission (NDRC) to evaluate the impact of eco-compensation programs and the performance of local administrations involved in them. The TA was included in ADB's country operations business plan for the PRC for 2015 2017. ADB missions to the PRC reached an understanding with the NDRC and other stakeholders on the TA project's impact, outcome, outputs, implementation arrangements, cost, and financing arrangements, as well as the terms of reference for TA consultants.	

Project Rationale and
Linkage to
Country/Regional
Strategy

Improving the effectiveness of eco-compensation schemes in key designated ecological function zones became a government priority in 2013. The PRC has made substantial investments in these zones to improve ecosystem services using eco-compensation mechanisms. Overall government funding for eco-compensation in the PRC increased from CNY6.0 billion in 2008 to CNY48.3 billion in 2013.

The first issue is that despite its large investments, made through transfer payments to local governments, the government has not put a monitoring system in place to assess the extent to which degraded ecosystems have been restored. The main reason is a lack of tools and approaches to conduct systematic monitoring and assessment.

The second issue is lack of incentives for local governments to make the effective implementation of these eco-compensation programs a high priority. Despite the government's decision in 2013 to no longer use economic development indicators in its evaluation of the performance of local administrations in the key ecological function zones, both the national and local governments have found it difficult to switch to an evaluation model that also includes environmental health indicators. One reason for this is lack of pre-existing guidelines or policies in the PRC.

The TA will address these two issues by helping the NDRC pilot test an innovative approach using the ecosystem production function that makes it possible to link the characteristics of an ecosystem to the ecosystem services it ultimately delivers. The TA will prepare tools and recommendations that will (i) further refine the concept of gross ecosystem product (GEP) and develop technical guidelines for calculating and using GEP, (ii) recommend an approach for evaluating the effectiveness of eco-compensation schemes and the performance of the local administrations involved in them, (iii) provide training to important stakeholders on GEP accounting and alternative approaches to monitoring the delivery of ecosystem services, and (iv) organize national and international knowledge-sharing seminars and workshops to disseminate the key lessons learned under the TA.

The TA is consistent with ADB's country partnership strategy (CPS) for the PRC for 2011-2015 and will help support the strategic priorities of ADB's draft PRC CPS for 2016-2020. The new CPS will support more innovation in the use of eco-compensation for better environmental management. The TA builds on ADB's long-term cooperation with the PRC on the eco-compensation agenda. In addition to supporting related publications and regional knowledge-sharing events, ADB has provided TA to help develop the national and provincial policy and legislative framework for eco-compensation and was instrumental in facilitating the necessary policy and legal reforms.

ADB has invested in the pilot operationalization of some eco-compensation concepts through such projects as the Guiyang Integrated Water Resources Management (Sector) Project, the Jiangsu Yancheng Wetlands Protection Project, and the Anhui Chao Lake Environmental Rehabilitation Project. In July 2014, the ADB NDRC joint knowledge hub on green growth and eco-compensation was launched in Beijing. The TA will build on these ADB activities and explore new innovations and the practical aspects of eco-compensation.

Impact

A monitoring and evaluation system to assess the improvement of the targeted ecosystem services established and environment improved.
(Decisions of the Third Plenary of the 18th Central Committee of the Communist Party of China)

Project Outcome

Description of Outcome	NDRC's capacity for evaluating impact of eco-compensation programs and performance of local administration in PRC's key ecological function zones enhanced
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none">1. GEP accounting methodology and approach developed.2. Recommendations for evaluating effectiveness of targeted eco-compensation schemes and performance of local level administration prepared3. Key stakeholders related to GEP accounting trained and lessons learnt shared Project Management Activities
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Six individual consultants (national) were mobilized in April June 2016. An inception mission was fielded in June 2016, an interim review mission in November 2016, and a final review mission in November 2017. A technical seminar was held in Beijing on 14 July 2016. The 5th and 6th International Conferences on Eco-compensation and Payments for Ecosystem Services were held in Kunming on 24 November 2016 and in Chongqing on 8 9 December 2017, respectively.</p> <p>The first request for TA extension by 5 months from 31 July 2017 to 31 December 2017 was approved on 5 July 2017 to provide sufficient time to (i) conduct study tour to the USA and Canada, (ii) draft and finalize the TA final report, and (iii) conduct final workshop and international knowledge sharing conference.</p> <p>The second request for TA extension from 31 December 2017 to 30 June 2018 or a cumulative extension of 11 months was approved on 15 December 2017 to finalize the summary report of the TA and prepare a publication that will provide recommendations and guidelines for integrating gross ecosystem product approaches and other eco-compensation mechanisms into ADB investment projects. Request for minor change in implementation arrangements was approved on 29 January 2018 for the recruitment of an eco-compensation knowledge product specialist which will supplement the completion of the remaining TA activities and outputs.</p> <p>The third request for extension from 30 June 2018 to 31 December 2018 or a cumulative extension of 17 months was approved on 4 July 2018 to support the planning and organization of the 7th International Conference on Eco-Compensation and Payments for Ecosystem Services in December 2018.</p>
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Geographical Location	Nation-wide
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Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services	All consulting services will be engaged in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
Procurement	All ADB-financed procurement will be conducted following ADB's Procurement Guidelines (2015, as amended from time to time).
Responsible ADB Officer	Yee, Au Shion
Responsible ADB Department	East Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, EARD
Executing Agencies	<i>National Development and Reform Commission No. 38 South Yuetan St. Beijing 100824 China</i>

Timetable

Concept Clearance	06 Nov 2015
Fact Finding	30 Mar 2015 to 31 Mar 2015
MRM	-
Approval	14 Dec 2015
Last Review Mission	-
Last PDS Update	24 Sep 2018

TA 9040-PRC

Milestones

Approval	Signing Date	Effectivity Date	Closing	Revised	Actual
			Original		
14 Dec 2015	05 Jan 2016	05 Jan 2016	31 Jul 2017	31 Dec 2018	26 Feb 2019

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
600,000.00	0.00	0.00	0.00	0.00	0.00	600,000.00	17 Jun 2022	582,629.84

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